

**MINUTES OF REGULAR MEETING
OPEN SESSION
February 15 and 16, 2011
ILLINOIS GAMING BOARD
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Tuesday, February 15, 2011 a Regular Meeting of the Illinois Gaming Board ("Board") was held on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Tuesday, February 15, 2011 at approximately 9:30 A.M. the following Board members were present: Members Charles Gardner, Eugene Winkler, Joseph Moore and James Sullivan. Chairman Jaffe participated via telephone. At 9:35 A.M. on Tuesday, February 15, 2011, Member Gardner called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Pending litigation;**
3. **Investigations concerning applicants and licensees; and**
4. **Closed session minutes.**

Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote. The Board recessed at 11:45 A.M.

On Wednesday, February 16, 2011 the meeting reconvened at 11:40 A.M. Present were the following Board Members: Members Charles Gardner, Eugene Winkler, James Sullivan and Joseph Moore. Chairman Jaffe participated via telephone.

The Board remained in Closed Session until approximately 12:50 P.M. The Board recessed and went into open session at 1:00 P.M. Present were the following Board Members: Members Charles Gardner, Eugene Winkler, James Sullivan and Joseph Moore. Chairman Jaffe participated via telephone.

APPROVAL OF MINUTES

Member Moore moved that **the Board approve the open session minutes of its Regular Meeting of January 25, 2011.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

OWNER LICENSEE ITEMS

- Midwest Gaming & Entertainment, LLC – Passawee Artsup – Ownership Approval

John Janicik appeared before the Board.

Based on a review of staff's investigation and recommendation, Member Moore moved to **approve the following individuals, each of whom is a "minority person" or "female" as defined under the Illinois Riverboat Gambling Act and who intend to indirectly own interests in Midwest Gaming & Entertainment, LLC through Casino Investors, LLC.**

1. Passawee Artsup.

Member Moore further moved **pursuant to Section 3000.235 of the Adopted Rules to approve the corresponding redemption of interests in Midwest Gaming Holdings, LLC from CVG Chicago Gaming, LLC and High Plains Gaming, LLC and the issuance of interests to Casino Investors, LLC consistent with the financing documents previously provided to the Board.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Midwest Gaming & Entertainment, LLC – Prashant Gupta – Ownership Approval

John Janicik appeared before the Board.

Based on a review of staff's investigation and recommendation, Member Moore moved to **approve the following individuals, each of whom is a "minority person" or "female" as defined under the Illinois Riverboat Gambling Act and who intend to indirectly own interests in Midwest Gaming & Entertainment, LLC through High Plains Gaming.**

1. Prashant Gupta.

Member Moore further moved **pursuant to Section 3000.235 of the Adopted Rules to approve the corresponding redemption of interests in Midwest Gaming Holdings, LLC and the issuance of interests to High Plains Gaming consistent with the financing documents previously provided to the Board.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

SUPPLIER LICENSEE ITEM

- Konami Gaming, Inc. – Supplier Renewal

Michael Ficaro appeared before the Board on behalf of Konami Gaming, Inc.

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board renew the Supplier's License of Konami Gaming, Inc., for a period of four (4) years expiring in February 2015.**

Member Sullivan further moved that **the Board designate and approve the following positions and persons as Key Persons of Konami Gaming, Inc.:**

1. **Konami Corporation;**
2. **Konami Corporation of America;**
3. **Chief Executive Officer, Konami Corporation;**
4. **President, Konami Gaming, Inc.;**
5. **Chief Executive Officer, Konami Gaming, Inc.;**
6. **Chief Operating Officer, Konami Gaming, Inc.;**
7. **Kagemasa Kozuki;**
8. **Satoshi Sakamoto; and**
9. **Stephen Sutherland.**

Member Sullivan further moved that **Konami Gaming, Inc. be authorized and approved to supply the following to Illinois Owner Licensees:**

1. **Electronic Gaming Devices (EGDs); and**
2. **KCMS Casino Management System.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Genesis Gaming Solutions, Inc. – New Supplier

Mr. Randy Knust appeared before the Board.

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board approve Genesis Gaming Solutions, Inc., for a Supplier's License, effective February 16, 2011 for a period of one (1) year, expiring in February, 2012.**

Member Sullivan further moved to **designate and approve the following positions and persons as Key Persons of Genesis Gaming Solutions, Inc.:**

1. **President; and**
2. **Randall Lee Knust.**

Member Sullivan further moved **that Genesis Gaming Solutions, Inc., be authorized and approved to supply the following to Illinois Owner Licensees:**

1. BRAVO Pit system; and
2. BRAVO Poker system.

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Paltronics, Inc. – New Supplier**

John Janicik appeared before the Board along with Angelo J. Palmisano and Terri A. Cooper.

Member Winkler commented on the fact that Paltronics has been removed from the Agenda a few times due to their failure to comply with information that the Board and staff requested. Member Winkler went on to state that Paltronics will be approved for one year and the following consists of the criteria that must be followed. The Board will be very observant of Paltronics.

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board approve Paltronics, Inc. for a Supplier's License, effective February 16, 2011 for a period of one (1) year, expiring in February 2012.**

Member Winkler further moved that **the Board impose the following conditions:**

- **Paltronics shall disclose all disciplinary action, including any correspondence or inquiries made by any federal or state agency or gaming regulator where such correspondence/inquiry is related to a violation of law or administrative rule, to the IGB no later than 30 days of receiving notice of such disciplinary action.**
- **Paltronics shall disclose all litigation to the IGB no later than 30 days of receiving notice of such litigation.**
- **Paltronics shall have an annual audit performed by Miller Cooper or another certified public accounting firm acceptable to the IGB for December 31, 2010 and December 31, 2011, with reports submitted to the IGB within 120 days of calendar year end.**

Quarterly – Procedures to be performed by Paltronics

Paltronics will perform an internal evaluation of the prior quarter's activity with respect to the following categories.

- **Modifications to internal control procedures;**

- Deficiencies or weaknesses in internal control compliance and supporting documentation;
- Appropriate compliance training/supervision to all applicable officers and employees;
- Submission of all Federal/State tax documents on a timely basis;
- Submission of year-to date financial statements as of the end of each quarter, to be submitted within 30 days of the end of the quarter. Include the income statement, balance sheet, statement of changes in equity, and interim cash flow statement; and
- Submission of all officer loan schedules.

Paltronics will submit a corresponding status report to the IGB within 30 days of the end of the quarter.

3rd Qtr. Review – Procedures to be performed by Miller Cooper or another certified public accounting firm acceptable to the IGB

Paltronics will engage and pay for the services of Miller Cooper or another certified public accounting firm acceptable to the IGB to perform the following:

- Verify the accuracy of the officer loan schedules;
- Verify that all items to be performed by Paltronics, as identified above, were properly completed and implemented by Paltronics. Unless currently performed by Miller Cooper or another certified public accounting firm acceptable to the IGB, a quarterly report on the financial statements is not required;
- Review updated policy/procedures to determine if all concerns/issues per the IGB and recommendations per Miller Cooper or another certified public accounting firm acceptable to the IGB are addressed;
- Note any other items not in compliance with IRS regulations or not a “good business practice”; and
- Prepare a report for submission to the IGB that addresses an assessment of the above procedures to be performed by Paltronics. Indicate any exceptions and dollar amounts. Submit within sixty (60) days of the end of the quarter.

Member Winkler further moved to designate and approve the following positions and persons as Key Persons of Paltronics, Inc.:

- 1. President/Chief Executive Officer; and**
- 2. Chief Operating Officer.**
- 3. Angelo J. Palmisano;**

4. Terri A. Cooper;

Finally, Member Winkler moved **that Paltronics, Inc. be authorized and approved to supply the following to Illinois Owner Licensees:**

1. One Link Slot System.

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS – LEVEL 2s & 3s

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve 21 applications for an Occupational License, Level 2, and 66 applications for an Occupational License, Level 3.**

Further, Member Moore moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. Kent M. DeCapp.

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINT AND DISCIPLINARY ACTION

● **Phuong Tuyet Thi Le – Occupational Licensee**

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Phuong Tuyet Thi Le, an Occupational Licensee, for failing to disclose all material changes in information to the Board.**

Further, Member Sullivan moved that **the Board fine Phuong Tuyet Thi Le \$500. Said fine not to be paid directly or indirectly by the Owner Licensee and said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The board approved the motion unanimously by roll call vote.

● **Douglas P. McLelland – Occupational Licensee**

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Douglas Paul McLelland, an**

Occupational Licensee, due to his admission to dealing illegal poker games hosted by a former Harrah's patron.

Further, Member Sullivan moved that **the Board revoke Douglas Paul McLelland's Occupational License. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Janet L. Harman – Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Janet L. Harman, an Occupational Licensee, due to her admission to serving as a hostess at illegal poker games hosted by a former Harrah's patron.**

Further, Member Winkler moved that **the Board revoke Janet L. Harman's Occupational License. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner stated that no illegal activity will be tolerated by the Board. Member Winkler echoed the comment and stated the same.

- Adam S. Pugsley – Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Adam S. Pugsley, an Occupational Licensee, due to his September 13, 2010 conviction for Attempt to Obstruct Justice.**

Further, Member Moore moved that **the Board revoke Adam S. Pugsley's Occupational License. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATIVE HEARINGS/ALJ REPORTS –

- Request for Hearing – Michael Rhoades

Based on the review of staff's investigation and recommendation, Member Sullivan moved that **Michael Rhoades' request for a hearing be denied due to the fact that he has offered no facts that establish a prima facie case.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

At 1:25 P.M. Member Winkler motioned to adjourn and Member Gardner seconded the motion.
All Members voted in favor of adjournment.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator